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PARIS, FRIDAY, MARCH 13, 1981

Established 1887

Evidence of Soviet Buildup in Libya Points to Grave Military Threat to West

Cooley, a senior associate... Washington Post Service

no political influence on his decisions... Since his first big arms deal with Russia in 1974, Col. Qadhafi has sold oil on favorable terms to Soviet satellites...

tion" of Libyan-trained Arabs and Africans in Chad... Of even greater concern to U.S. and allied military planners, however, are the vast stores of Soviet aircraft, tanks, artillery and short- and medium-range missiles positioned in Libya...

[They said the first missile trials were carried out in the Libyan desert recently by Orbital Transport and Rocketry AG (OTRAG), which was involved in an East-West controversy when it conducted similar missile trials in 1978 in Zaire.

called that "from the revolution [1969] until now, we have not permitted naval warships either of the United States or Russia to enter Libyan territorial waters."

Senior U.S. analysts agree that Col. Qadhafi has not allowed the Soviet Union to use Libya's ports or airfields, although allied intelligence has been keeping close watch.

Qadhafi took power from King Idris on Sept. 1, 1969. However, the air force has not been without its internal troubles and defections. An MiG-23 crashed in Sicily in July in an apparent attempt by its pilot, who was killed, to reach a NATO air base.

On Feb. 11, another Libyan pilot flew another MiG-23 to the Greek-American and NATO air base at Suda Bay, Crete. He landed successfully, but slightly damaged the plane. Greece returned it disassembled and granted the pilot political asylum.

S. Analysts Expect Dawn-Out Fight for Salvador Control

Juan Vasquez... Los Angeles Times Service

forces managed to seize and hold important cities, such as Chalatenango in the eastern part of the country. They reportedly rebuffed government efforts to recapture the city, but finally they withdrew on their own.



Sarfaraz Khan, Pakistan's ambassador to Syria, takes a break from negotiations with hijackers in Damascus on Thursday.

Zia Offers to Free Dissidents; Hijackers Add New Demands

DAMASCUS — Only minutes before the threatened execution of three Americans, Pakistan's military regime agreed Thursday night to free 35 political prisoners in exchange for more than 100 hostages held by hijackers in an airplane here — provided that no further demands were made and that the passengers and crew were handed over immediately.

The hijackers said the prisoners they want freed also belong to the movement, described by the Pakistani government as the armed wing of the opposition Pakistan People's Party, formerly run by Mr. Bhutto.

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change of prisoners for hostages was being worked out. In a dramatic signal that the crisis had passed, the lights went on in the cabin of the plane Thursday night for the first time since the jet arrived in Damascus. The hijackers had kept the cabin in darkness, apparently for security reasons.

U.S. Scientists Say Coffee May Cause Cancer

By Harold M. Schmeck Jr. New York Times Service

NEW YORK — A statistical link between the drinking of coffee and cancer of the pancreas, the fourth most common cause of cancer deaths among Americans, has been reported by scientists of the Harvard School of Public Health.

persons reflected the coffee-drinking habits of the general public. Cancer of the pancreas accounts now for about 20,000 deaths in the United States annually. Only cancer of the lung, colon and breast cause more cancer deaths among Americans. Among patients who have pancreatic cancer, only 1 percent survive for three years, Dr. MacMahon said in a telephone interview.

Polish Dissident Held Briefly; New Strikes Planned

By Brian Mooney Reuters

WARSAW — Polish free trade union leaders announced plans Thursday night for strikes in the city of Radom and the authorities briefly detained dissident leader Adam Michnik.

White House Said to Favor Rowley for Post

WASHINGTON — The White House is attempting to clear the way in Congress for the appointment of Edward L. Rowley as director of the Arms Control and Disarmament Agency, despite internal objections from Senate liberals and Sen. Charles H. Percy, the Republican chairman of the Senate Foreign Relations Committee, according to congressional sources.

Mr. Rowley, 63, a retired lieutenant general, was the representative of the Joint Chiefs of Staff at the strategic arms talks with the Soviet Union. He resigned in 1979, just before President Carter and Soviet President Leonid I. Brezhnev signed the second arms treaty in Vienna.

INSIDE

North-South Talks

Spanish Concern

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NATO Deputy Chief

Brussels — Sir Peter ... NATO's air chief marshal, appointed NATO's deputy chief of staff in October 1979, will succeed Sir Jack Harman as one of the United States' deputies to Gen. Bernard ...

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Islamic Mission Fails To Effect Gulf Truce

The Associated Press BEIRUT — An Islamic goodwill commission failed to bring Iran and Iraq to declare a cease-fire at midnight Thursday but the two antagonists kept the door open for further peacemaking efforts, a commission spokesman said.

The announcement was made as Iran's second most powerful religious leader, Ayatollah Hussein Ali Montazeri, blamed the United States for intensified ground-to-ground Iraqi missile attacks that killed 26 civilians in two Iranian border cities Wednesday.

Tunisia's Habib Chatti, secretary-general of the 42-nation Islamic Conference organization, said that both Iran and Iraq had given a conditional response to the peace plan a nine-man commission proposed during a Tehran-Baghdad shuttle last week.

Unkissed "This made a proclamation of a cease-fire at midnight tonight impossible," Mr. Chatti said in a statement issued at his headquarters in Jidda. "The commission is not dismayed. It will continue efforts to bring about peace between Iran and Iraq."

The statement was broadcast by several Arab radio stations in the Middle East. It suggested that the commission, which includes four heads of Islamic states, would undertake another shuttle to try to narrow the gap between the conditions Iran and Iraq have set in their undisclosed responses.

The commission was formed by a summit conference of 37 Islamic nations in Saudi Arabia in January to try to end the Gulf war, which is in its sixth month.

In addition to the cease-fire, the peace plan calls for an Iraqi withdrawal from Iranian territory to begin in a week and be completed in four weeks.

Iran's peacekeeping force would be set up to oversee the cease-fire and the progress of the withdrawal while the commission would supervise negotiations to settle the territorial and offshore disputes that triggered the war.

Iraq's foreign minister, Saadoun Hammadi, told a news conference in London Wednesday that any peace with Iran must guarantee sole Iraqi possession of the Shatt-al-Arab waterway. He rejected international arbitration of the conflict.

Iran has been insisting on unconditional Iraqi withdrawal before the cease-fire and on reinstatement of a 1975 treaty that placed the Iran-Iraq border in the middle of the waterway. Iraq abrogated the treaty just before the war began.

In Tehran, Ayatollah Montazeri was quoted as saying the missile attacks "came after Iran's rejection of the peace that the United States wants to impose on us. Therefore, this shelling is part of the plot hatched against us by the United States and its agents."

Meanwhile, two Iranian policemen were killed by machine-gun fire Thursday in a shootout near the Soviet Embassy in Tehran. The Pars news agency described the gunmen as counterrevolutionaries and said the shooting broke out when police raided a building used by a Marxist organization opposed to the Islamic revolutionary regime of Ayatollah Ruhollah Khomeini.

Pars said police found documents "concerning the Armenian secret army," and two gunmen were arrested. The Armenian Secret Army for the Liberation of Armenia has attacked Turkish diplomats in several countries.



Gen. Alfonso Armada

Spain Indicts 2d General in Coup Attempt

MADRID — Gen. Alfonso Armada, Spain's former deputy chief of staff, has become the country's second general to be indicted on charges of military rebellion in the unsuccessful coup attempt last month, the Defense Ministry said Thursday.

On Tuesday, Gen. Milans del Bosch was indicted. He also was charged with military rebellion, for having ordered tanks into the streets in eastern Spain after Lt. Col. Antonio Tejero Molina of the Civil Guard seized Parliament in Madrid. Two other generals are under investigation.

On Thursday, in the first sign of a military backlash, El Acaz, a Francoist newspaper, carried an article by Gen. Manuel Cabeza, writing rightist military men to urge in opposition to a democracy that the writer said tacitly accepts terrorist assassinations.

So far 25 officers and one civilian have been charged with participating in the coup attempt, which began Feb. 23 when 300 members of the Civil Guard stormed the Parliament during a vote for the new premier, Leopoldo Calvo Sotelo.

The denials about OTRAG's activities were complicated by an article by Tad Szulc, a free-lance writer, that appeared in Penthouse magazine charging that highly reliable informants in Washington and Western Europe said the Zaire base was used to test Cruise and intermediate-range ballistic missiles.

This story was ridiculed in both Washington and Bonn as absurd. The government in Bonn then suggested that OTRAG was essentially a company set up as a tax dodge for West German investors. Because the company has made no money, its shareholders — estimated at about 1,400 — are able to write off their involvement as a tax loss.

While it was in Zaire, OTRAG's contract with the government gave virtual diplomatic immunity to company employees in the test area, and permitted only OTRAG and Zaire government aircraft to enter the zone.

According to newspaper reports about the arrangement with Libya, no contract has been signed and the company holds no particular rights in its testing zone. The 5-percent fee to be paid the government in the event of a rocket sale was said to be the same commission involved in the contract with Zaire.

OTRAG called its launch its fourth test. It claimed a successful launch in May, 1977, with a rocket that traveled 65,600 feet. An orbital insertion was planned for 1979, but two subsequent tests failed.

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Spaniards Angered by Haig Comment on Coup Attempt

By James M. Markham New York Times Service MADRID — An apparently innocent remark by Secretary of State Alexander M. Haig Jr. that the seizure of Parliament in a coup attempt by rebel members of the Civil Guard on Feb. 23 was a Spanish "internal matter" has drawn harsh criticism from both the right and the left here.

Mr. Haig made his remark just after the Parliament was occupied, and U.S. diplomats insist that he did not intend it to be a statement of policy. Nevertheless, in spite of warm letters from President Reagan congratulating King Juan Carlos and the government after the failure of the coup attempt, Spaniards persist in regarding the Haig comment as suggesting true American attitudes.

On Tuesday, Felipe Gonzalez, the Spanish Socialist leader, contrasted what he called supportive European attitudes toward

Spain with what he regarded as the U.S. attitude. Mr. Gonzalez, who was on an official visit to Britain as part of a West European trip, said in a speech at Oxford: "The inhibition of the United States after what happened is inexplicable in democratic terms, all the more so since the posture of its government is now totally interventionist, as in the case of El Salvador."

Spanish opinion is extremely sensitive to U.S. policies toward the countries of Latin America, many of which are former Spanish colonies. At the same time many Spaniards believe that Washington's attitudes toward Latin America probably apply to their own country as well.

Many Spanish politicians, editors and journalists believe that the Reagan administration cases little for human rights issues in Latin America and that it would support rightist military dictatorships. What applies across the Atlantic most logically, they feel, apply here as well. Moreover, since Mr. Reagan was elected, the Spanish neo-Fascist press, widely read in military circles, has

been cultivating this idea with the aim of making a coup easier. The monarchist daily newspaper ABC, which has firmly supported King Juan Carlos in opposition to the attempted coup, published last Sunday a series of reports from its overseas correspondents who recounted, hypothetically, what the policies of their countries would have been if the Spanish attempt had succeeded.

A View From New York The newspaper's New York correspondent, Jose Maria Carreras, long a resident of the United States, declared that Mr. Haig's comment, rather than the effective subsequent official support for Spanish democracy, "would possibly be the attitude that would have been adopted here had the coup succeeded, as was the case in Turkey." And he added: "Thus, the attitude of the new State Department is, Don't get involved in 'internal' affairs as long as they don't abandon the Western camp. Initially baffled by the insistent response

there that has met Mr. Haig's remark, a U.S. diplomat has become deeply wary about its possible long-term effects. They see that some visible demonstration of support for Spanish democracy, perhaps a cash envoy from Washington, is called for to undo the effects of the secretary's comment. The views of the Reagan administration weigh heavily in Spain, particularly since two countries are bound by a defense treaty that comes up for renewal in September. The treaty gives the United States access to Spanish bases and strategic communications facilities, as well as considerable control with the Spanish military.

One West European diplomat, who has been actively involved in mobilizing general support for Spain since last month's coup attempt, called the Haig matter "fortunate, particularly if the generalists made themselves that what they read their own press about the United States was true." He added: "That might persuade them that nothing would be lost in trying again."

WORLD NEWS BRIEFS

U.S. Says Russia Tried to Blackmail Aides

MOSCOW — The U.S. Embassy accused Soviet officials Thursday of trying to blackmail and recruit two U.S. military attaches during their trip to the Ukrainian city of Rovno in January. The embassy statement responded to a Soviet press claim that one of the U.S. officers had to leave the Soviet Union after causing a scandal.

In the first official confirmation that Soviet agents had tried to compromise Maj. James R. Holtzworth and Lt. Col. Thomas A. Spencer, an embassy official said: "Our conclusion after full evaluation of all the circumstances of the matter is that these officers were subjected to a credible attempt at blackmail and recruitment organized and carried out by Soviet officials."

[In Canberra, Bill Morrison, a member of the Australian Parliament, said Thursday that he had been expelled from Moscow in 1963 after the Soviet secret service tried, unsuccessfully, to recruit him as a spy, Reuters reported.]

Karmal Says U.S. Seeks to Overthrow Regime

NEW DELHI — Afghanistan's president, Babrak Karmal, accused President Reagan on Thursday of trying to topple the Kabul government by offering American weapons to Afghan insurgent groups.

The Karmal statement, broadcast by the official radio, attacked Mr. Reagan for saying on Monday that he would consider military aid to the rebels battling the 14-month-old government. President Reagan had said in a television interview that such aid "is something to be considered," but that he would look "at all the ramifications."

The Karmal statement said "The Central Intelligence Agency trained, armed and infiltrated terrorist and counterrevolutionary groups after the success of the irreversible revolution." U.S. foreign policy, it said, is "geared to harm the interests of the progressive Socialist states." The statement was monitored in India.

Samphan Reports Progress in Sihanouk Talks

PEKING — Khmer Rouge leader Khieu Samphan said Thursday that he and former Cambodian head of state Prince Norodom Sihanouk have made progress on settling their differences and joining together to drive Vietnamese troops out of Cambodia.

The two men met three times recently in Pyongyang, North Korea, where Prince Sihanouk lives in exile. Mr. Samphan said the talks will continue and hinted that Cambodia's third major faction, led by Son Sann, will join the meetings.

Mr. Samphan said that he and Prince Sihanouk had reached accord on a minimum political platform but acknowledged that they were still divided on some crucial points. The major disagreement stems from Prince Sihanouk's demand that the Cambodian troops be disbanded following victory over the Vietnamese, an apparent bid by the prince to avoid being toppled by the Khmer Rouge.

Russia Sends 2 Cosmonauts Toward Salyut-6

MOSCOW — The Soviet Union Thursday launched a two-man spacecraft and it was headed for the orbiting Salyut-6 space station. Tass said the Soyuz T-4 craft lifted off from Soviet Central Asia with Cmdr. Vladimir Kovalenko and engineer Viktor Savinykh aboard.

Tass said the crew would carry out repairs on the Salyut-6 station, to which there have been several lengthy space missions since it was launched in September, 1977. It was last occupied in December, 1980.

The announcement said that the crew would also carry out scientific experiments, but gave no indication of whether the mission was likely to compare in length with earlier trips, some of which have lasted six months and longer.

Bank Denies Refusal to Handle Iran Account

LONDON — The Bank of England Thursday denied reports that it was refusing to administer an escrow account called for in the U.S.-Iranian hostage release agreement, but it declined to discuss the report further.

The Washington Post had reported that the bank refused to administer the short-term \$1-billion account because it feared possible political problems. The Post said the issue had not interfered with carrying out the hostage agreement.

Conditional Reagan Agreement Reported On Joining North-South Economic Talks

By Joseph Fitchett International Herald Tribune

VIENNA — President Reagan has conditionally agreed to participate in a summit conference with about 20 world leaders later this year in Mexico to discuss North-South economic issues, according to diplomats trying to arrange the meeting.

But U.S. acceptance of the summit conference apparently does not imply any shift in the Reagan administration's initial skepticism of multilateral development efforts and preference for bilateral aid and trade as the best path to global economic growth.

But the U.S. show of interest in the meeting will gratify France, West Germany and other European countries that want the Reagan administration to avoid treating Third World issues entirely in terms of the East-West conflict, the diplomats said.

Vatican Rejects Fetal Defects as Abortion Excuse

VATICAN CITY — The Vatican issued a firm condemnation Thursday of abortions carried out to prevent the birth of children with "malformations and deficiencies."

In a document on the handicapped, the Vatican also declared that any act which leads to the death of a newborn disabled person "represents a breach not only of medical ethics but also of the fundamental and inalienable right to life."

The document noted that modern medicine can now discover defects in the fetus but is not able to treat them, leading some to propose and even to practice the suppression of the fetus. "This conduct springs from the attitude of pseudo-humanism, which compromises the ethical order of objective values and must be rejected by upright consciences," the Vatican said.

The document, addressed to "all who work for the disabled," emphasized that the disabled person is "a fully human subject, with the corresponding innate, sacred and inviolable rights."

A group of 11 foreign ministers, who arrived here Thursday for a two-day preparatory meeting starting Friday, can now set in motion the final preparations for the summit meeting.

Postponement Demanded The biggest remaining hurdle is finding a later date for the meeting, originally planned for June. One of Mr. Reagan's conditions is a postponement for several months.

The official U.S. explanation is that the new administration needs time to prepare. Diplomats said, however, that Mr. Reagan wants the Western economic summit conference in July in Ottawa — where the United States is to meet with six other major industrialized nations — to precede any discussion of global economic issues in a broader international forum.

A key condition for U.S. participation is that the Mexico summit meeting be a discussion among heads of state, not a negotiating session.

Mr. Reagan spelled out his conditions in a telephone conversation on March 6 with President Jose Lopez Portillo of Mexico, diplomats said.

Mr. Reagan's position is designed to block some Third World governments which, disappointed with U.S. attitudes in the UN-sponsored trade and aid talks, have sought to make the summit meeting a new bargaining arena.

Main proponents of the conference — including the leader of the West German Socialist Democratic Party, Willy Brandt, and Chancellor Bruno Kreisky of Austria — see an opportunity to get acquainted with other influential world leaders, listen to their ideas and explain their own views free of any pressure to produce immediate results.

The countries that are to attend the summit meeting will be named at the foreign ministers conference here. Diplomats said that the list has been tentatively completed with 21 countries representing the world's main economic groups outside the Communist bloc.

Overtures will also be made to the Soviet Union, which traditionally ignores development problems over possible reprisals against the family he had left here drove him to return to Moscow.

Little Resistance Miss Garrels said she had just spotted Mr. Stepanov on a crowded sidewalk when he was grabbed from behind by a man who forced the dancer into a black Volga sedan that pulled up at that moment. Mr. Stepanov struggled briefly, she said, then went into the car peacefully. As he was driven off between two agents, she said, he waved.

Mr. Stepanov earlier told Western correspondents that he had invented and then attributed to him statements that the CIA wanted to make him a spy, and that life in the United States was intolerable compared to life in the Soviet Union.

In recent days, he has been in frequent contact with several correspondents, and Thursday morning said that his apartment was rigged with agents, who later left, allowing him to slip out for his intended meeting with Miss Garrels.

A spokesman at a local KGB office said that he had no knowledge of the reported incident.

Soviet Dancer Is Seized After Challenging Story

Washington Post Service MOSCOW — Soviet agents Thursday seized Yuri Stepanov, the ballet dancer who last week denied Soviet allegations that the CIA had tried to recruit him as a spy during his brief defection in the United States last year, according to a U.S. television correspondent, Anne Garrels, who witnessed the incident.

Miss Garrels, who had earlier arranged by telephone to meet Mr. Stepanov for an interview near her office on Kutuzovskiy Prospekt, said that Mr. Stepanov was intercepted on a Moscow street by five plain-clothesmen.

The dancer, 33, surfaced last week, saying that the government newspaper Izvestia had fabricated parts of his account of his two-month sojourn in the United States. He defected from the Moscow Classical Ballet Company dance corps in January, 1980, and spent two months in the United States before working

Soviet Caviar Scandal Said to Thicken

By Kevin Klose Washington Post Service MOSCOW — The reported caviar scandal that led to a shake-up of the Soviet Ministry of Fish Industries nearly two years ago has spread to other institutions, leading to a wave of arrests in the Ministry of Foreign Trade, reliable sources here reported.

An investigation was said to have also spread to the Soviet Far East fleet, which presumably was involved in transport of smuggled caviar to Japan.

The sources also said that a deputy chief of the Ministry of Fish Industries, who was said to have been implicated in a multimillion dollar operation that shipped caviar abroad marked as "smoked herring," died while in custody after giving important evidence in the complex case.

According to these unofficial Soviet sources, Deputy Minister Vladimir I. Rylov died in prison last spring, and party members were forbidden by secret instructions from attending his funeral. One knowledgeable source said there were reports that Mr. Rylov had committed suicide, but this was impossible to confirm.

There has been no public notification of Mr. Rylov's reported death, and a spokesman at the ministry said that Mr. Rylov had "not worked here in two years and there is nothing more I will say."



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The Russians have never officially acknowledged the scandal, but the minister of fish industries, Alexander A. Ishkov, was "retired" two years ago and a full-scale shake-up of his ministry was launched. Now, sources said, another senior official, identified as Yefim B. Feldman, deputy chief of fish products production and sales administration, has been implicated and is cooperating with the authorities.

The smuggling operation apparently involved hundreds of Russian — from humble Caspian fishermen to senior government officials — in an operation that was said to have lasted through 1970s and netted millions of dollars in illegal hard currency.

The plot was uncovered about two years ago, it was reliably reported, when some of the caviar was eventually shipped into world markets and a po investigator began probing the large case of bearing. It bought turned out to be full of

Mackinlay's LEGACY SCOTCH WHISKY 12 YEARS OLD advertisement with image of whisky bottle

Italy Road Pileup Kills 3 PARMIA, Italy — Three persons were killed and at least 20 injured in a chain collision in the fog covering more than two miles (three kilometers) of highway near here Thursday morning, traffic police reported.

S. Says Arms Flow to Salvador Rebels Sharply Reduced

By Agency Dispatches

WASHINGTON — Administration officials have said that recent information indicates guerrillas in El Salvador are getting low on ammunition on an apparent decision by the government and Cuba to reduce arms flow.

The officials said that intelligence information was positive, there was a growth within the administration of the flow of arms to the rebels in El Salvador. Nicaragua had been reduced in the last several months.

While the ruling Salvadorean government does not desire the on of the Organization of States in the search for a solution to the internal problems of the country, the junta said in a letter to an OAS meeting in San Jose, Costa Rica Wednesday, that the government would not be an ambassador to the OAS, Ernesto Peralta.

Salvadoran troops battled guerrillas to the north and east of San Salvador Wednesday, as well as in and around the capital. Military sources said there were casualties, but gave no figures.

Also Wednesday, 19 bodies were found along a highway outside Chalatenango, 30 miles (48 kilometers) north of San Salvador. None was identified, but they presumably were victims of rightist death squads and leftist gangs.

U.S. Boycott — Administration officials have said that recent information indicates guerrillas in El Salvador are getting low on ammunition on an apparent decision by the government and Cuba to reduce arms flow.

White Says He Is Fired — Robert E. White, the former U.S. ambassador to El Salvador, said the administration has fired him from the foreign service because of his efforts to avert "a new Vietnam" in Central America.

Administration sources said Secretary of State Alexander M. Haig Jr., who recalled the outspoken envoy from El Salvador in January, personally made the decision to retire White.

Washington (UPI) — Robert E. White, the former U.S. ambassador to El Salvador, said the administration has fired him from the foreign service because of his efforts to avert "a new Vietnam" in Central America.

Investigative Ability — Although William H. Webster, director of the FBI, has testified that he does not see the need for any sweeping relaxation of the guidelines on FBI counterintelligence work and although Adm. Inman now seems to be in general agreement, several Republican senators, among them Strom Thurmond of South Carolina and John P. East of North Carolina, have recently said they believe restrictions meant to protect civil liberties should be relaxed because they tend to hamper the intelligence community's investigative ability.

News Briefing — Adm. Inman said Tuesday at an unusual on-the-record news briefing at the CIA headquarters that the Reagan White House had asked the various intelligence agencies to answer the question of whether legal restrictions on domestic spying and "very intensive" investigative techniques diminish the agencies' capability.

Germany — West German closed low-lying roads, one ship traffic and floating mines from the Iranian border as rivers over Thursday.



A Salvadoran trooper dressed in civilian clothes prepares for a patrol near Arcatao, about 50 miles northeast of San Salvador.

Perrier's Chic New Rival in U.S.: New York Tap Water and a Twist — NEW YORK — What started out as a gimmicky gift item for tourists at Macy's department store here has suddenly become the chic new drink for diners on the trendy west side of Los Angeles — bottled carbonated New York City tap water.

Cuts in Immigration Service's Budget, Personnel Alarm U.S. Representatives — WASHINGTON — Members of Congress from both parties have told Attorney General William French Smith that they were deeply distressed by the administration's proposal to reduce the staff and budget of the Immigration and Naturalization Service.

Seal Pup Killing Gets Under Way On Ice Floes Off South Labrador — ST. JOHN'S, Newfoundland — Crews from seven Canadian and three Norwegian ships have begun killing harp seal pups on ice floes off southern Labrador.

6 Killed at Cuban Plant — MIAMI — Six workers have died as a result of burns suffered in an explosion and fire at an electric plant which blacked out power to parts of Cuba, the Havana radio reported.

Reagan and Trudeau Reach Broad Accord

By Howell Raines
New York Times Service

OTTAWA — President Reagan spent two days in Canada without settling the disputes over U.S. military aid to El Salvador and such bilateral issues as fishing rights and pollution. But participants said that the meetings between Mr. Reagan and Prime Minister Pierre Elliott Trudeau produced agreement on broad policy goals — the pursuit of a political rather than military solution in El Salvador, for example.

The meetings ended Wednesday with the Canadian secretary of state for external affairs, Mark R. MacGuigan, opposing the U.S. decision to send arms and military training aides to the Central American nation, while Secretary of State Alexander M. Haig Jr. insisted that the United States would stick to its plans.

Mr. MacGuigan said, however, that there was "broad common ground" on the goal of self-determination for El Salvador and that Canada was satisfied with the Reagan administration's promise to work in good faith to settle fishing rights and boundary disputes, complete the Alaska pipeline, in which Canada has a heavy investment, and resolve cross-border conflicts over environmental quality.

Substantive Framework — Gen. Haig, joining Mr. MacGuigan at a news conference, said that the meetings were successful because they set up a "substantive framework" for future discussions.

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President Reagan addressing Canadian legislators Wednesday as Prime Minister Pierre Elliott Trudeau listens to his remarks.

Wednesday morning, Mr. Reagan and Mr. Trudeau struck this same balance between cordial agreement on goals and stout defense, in careful diplomatic language, of their separate national interests.

Mr. Trudeau suggested that Mr. Reagan belonged to a U.S. tradition of hostility to government interference. "But here in Canada," he said, "our own realities have sometimes made it necessary for governments to further enterprise. Those realities and that necessity are still with us today."

House Democrats Plan Alternative Budget

By Martin Tolchin
New York Times Service

WASHINGTON — House Democratic leaders have initiated a counteroffensive against President Reagan's economic package and vowed to offer an alternative package that would preserve many social welfare programs.

The leaders announced Wednesday that they would seek to create a Democratic consensus in a series of meetings aimed at eliciting the views not only of all factions within the party, but of virtually each of the 242 House Democrats.

Although the resulting package may result in the same \$48.6 billion in budget cuts and revisions that the president has requested, the Democratic leaders do not believe that Mr. Reagan expects any where near that amount. Consequently, they do not feel obliged to create a package matching the president's overall figure.

Atlanta Police Said to Theorize Different Killers

From Agency Dispatches

ATLANTA — If there is some one actually stalking Atlanta's children, he may not have killed his first victim until at least a month after the city formed a special police task force to investigate child slayings, reports Thursday indicated.

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based on private funds," Mr. Reagan told Parliament.

The facts that the Canadians expect the United States to use public funds if necessary and that Mr. Haig Wednesday acknowledged that the administration did not know who would provide the private funds, point up the kind of important conflicts left unresolved.

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Benefits to Remain Indexed

NEW YORK (UPI) — The Reagan administration intends to keep Social Security benefits tied to the consumer price index, according to budget director David Stockman.

Seal Pup Killing Gets Under Way

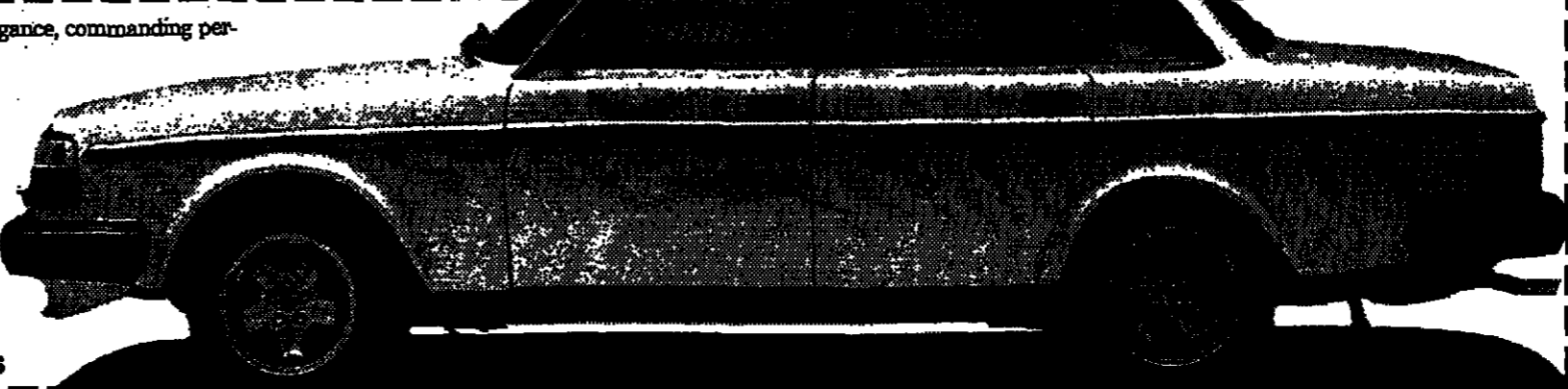
ST. JOHN'S, Newfoundland — Crews from seven Canadian and three Norwegian ships have begun killing harp seal pups on ice floes off southern Labrador.

6 Killed at Cuban Plant

MIAMI — Six workers have died as a result of burns suffered in an explosion and fire at an electric plant which blacked out power to parts of Cuba, the Havana radio reported.

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Taxes and Redistribution

The federal income tax system tries too hard to redistribute income from rich to poor, the theory goes, and the result is low economic growth. The Reagan administration intends to do something about that. The president's tax program, Secretary of the Treasury Regan testified the other day, is designed to "expand incentives and opportunities for socially productive efforts and saving for all taxpayers, not try to redistribute a slower and slower growing amount of total income."

The striking thing about the distribution of income in the United States is that there's been hardly any visible change for more than 30 years. The country as a whole has grown much richer, but the shares of total income at the top and at the bottom are just about where they were in the late 1940s. We say that with a couple of emphatic qualifications that readers will need to keep in mind as this debate proceeds. There are many different definitions of income, and different ways to count it. U.S. demographics is changing, with families becoming smaller; that does strange things to the figures on family income. The variations in statistical treatments are far greater than the trends in any data. But in spite of all the hazards, the broad pattern is worth noting.

At the top of the scale, the income tax rates paid by the wealthiest have dropped over the past generation. In World War II a surtax took the top rate up to 90 percent. It was reimposed during the Korean War, and remained until 1963 — that is, through the investment boom of the 1950s. It dropped to 70 percent in the middle 1960s, went up with

the Vietnam surtax, and back down in 1971. The following year the top rate on earned income was lowered to the present 50 percent.

Through all of it, the share of the total income tax burden paid by the wealthiest taxpayers has been remarkably stable. As for people in the middle and at the bottom, the steady rise of the Social Security payroll taxes has weighed heavily on them. Taken all together, the taxation of personal income is somewhat less progressive today than it was when President Eisenhower came to office.

But in the intervening years, the federal government has collected increasingly large revenues, mainly from people in the top third of the ladder, and distributed them mainly among people in the bottom half. Why hasn't that changed the distribution of income more significantly? There are several hypotheses, all controversial. Perhaps there is a trend toward concentration at the top that has been offset by the tax system. But that's not clear.

It's possible to argue that there is some evidence of a faint trend toward greater equality over the past generation. But certainly there has been no shift, either in income or in taxation, sufficient to account for the sudden and drastic increase in inflation, and the stagnation of productivity, since the early 1970s. Similarly, there's a case for a tax cut. But it's hard to conclude that the administration's proposed changes in the distribution of taxes would make any very dramatic difference in the way the economy works.

THE WASHINGTON POST.

Congress and the Budget

As Congress now goes to work on the next budget, Americans are going to find out a lot about themselves and their political ideas. Much casually accepted tradition and received wisdom is coming under fiercely hot challenge. People, not only congressmen but taxpayers and voters as well, are going to find themselves pressed hard to decide what they really think about food stamps, and legal aid, and subsidies for synthetic fuels, and all the rest. On these questions, neutrality and easy detachment will not necessarily be signs of intelligence or devotion to the public interest.

Now that Mr. Reagan has formally sent his budget to the Capitol, a period of rebuttal begins. The interests that built these separate programs will have a chance to defend them. But the crucial decisions are no longer being left exclusively to the subcommittees where the lobbies are strongest. The congressional budget procedures that have been developing since the 1974 reform are changing the nature of budget politics.

The two parties have agreed, in the House, that the tax cut legislation will follow, stage by stage, a reconciliation bill. That's the way the House intends to hold itself to its promise to keep spending cuts running parallel with the tax cuts. A reconciliation bill can be a devastatingly efficient instrument of control. It shifts discretion sharply away from the committees and toward the floors of the House and the Senate — which are required to vote on limits to spending and the deficit. The reconciliation bill is designed to enforce those limits by assigning each committee a figure, in dollars, that it must not exceed. Each committee will decide for itself how to stay within its total. But the total, once imposed, is fixed. According to the current agreement, that reconciliation bill has to be passed before the tax legislation will be

allowed to proceed to conference. It's an extremely promising attempt to ensure that the final budget represents the will of Congress as a whole, rather than the will of certain willful chairmen.

At the end of the present congressional session next fall, what will have been accomplished? The budget will have been cut, certainly, although perhaps not as much as Mr. Reagan originally hoped. The country will have been through the education that a good hot political fight generates. Perhaps it will turn out that most Americans, when pressed on these questions, decide they don't like some of the cuts that Mr. Reagan and Mr. Stockman have proposed. But the question, throughout the months ahead, won't simply be whether you want the program. The question will be whether you are willing to pay for it with your tax dollars. Remember, the tax cut legislation will step one step behind the budget legislation on this steep path.

The congressional budget process is a method — if it works — to produce a budget with a political base strong enough to support the taxes to balance it. This procedure offers an end to the corrosive practice of passing budgets loaded with spending programs that not many people seem to want, but that no one is able to shut off. It's that kind of spending that has eroded the public's tolerance for taxation, inciting resentment and rebellion against tax rates that keep rising automatically without overtaking the deficit. The goal here is not to cut the budget to any arbitrary figure. The total may turn out to be higher than Mr. Reagan wants, and yet represent a victory for both him and Congress. They will have achieved a political triumph if they can produce a budget for which the United States, after careful consideration, is genuinely willing to pay.

THE WASHINGTON POST.

International Opinion

French Election Campaign

In view of the basically similar positions of the three main democratic contestants in the forthcoming French presidential elections — the officiating President Valéry Giscard d'Estaing, the Gaullist Jacques Chirac and the Socialist Francois Mitterrand — it will mainly be personality that decides, despite the slight advantage in party organization enjoyed by the Socialists.

Admittedly none of the three main protagonists can succeed without help from outside his own party, and this throws Mr. Mitterrand back on support from the Communists, which many Frenchmen may find distasteful in view of the personal attacks mounted in recent months by Communist Party leader Georges Marchais.

But however the campaign develops, Mr. Giscard d'Estaing's position as outgoing president gives him a head start in the personality stakes.

— From *The Neue Zuercher Zeitung* (Zurich).

Compromise for Kampuchea?

The discussion of a new alliance with Khieu Samphan has broken down. No protestation on the part of the Khmer Rouge that they have disowned past dogmas, or will readily embrace social democracy and care only for an independent government in Phnom Penh, will convince anybody so long as this largest guerrilla force is not willing to be a purely civil partner in a new government.

Equally, Son Sann's right-wing Khmer People's National Liberation Front will find in this Khmer Rouge intransigence good reason not to pursue any further talks of an alliance.

This deadlock in Pyongyang probably ends any hope of a united guerrilla movement in opposition to the Heng Samrin government. It does not mean that the search for a peaceful compromise in Kampuchea must be abandoned.

— From *The Times* (London).

In the International Edition

Seventy-Five Years Ago

March 13, 1906

NEW YORK — The Richmond News Leader is quoted today: "Compulsory education has been enacted in the South Carolina legislature by the narrow margin of one vote. Significantly, the cotton mill managers favored the bill. This is exactly contradictory to the sensational stories of white child slavery in the South. The bill was defeated on the ground that it meant dangerous interference by the State with the rights of parents in the control of their own children." The Chicago Journal adds: "Not only in Tennessee but in the Carolinas, there are factories enabling children to support their parents. What is to be thought of the men who enrich themselves by the labor of little boys and girls?"

Fifty Years Ago

March 13, 1931

NEW YORK — The submarine Nautilus, in which Sir Hubert Wilkins intends to make a Jules Verne-like voyage beneath the polar ice pack, is 99 percent completed, it was announced today by Simon Lake, undersea boat inventor and designer. The Nautilus, formerly one of the U.S. fleet of submarines, is being conditioned at Camden N.J. for its strenuous task in the proposed journey under the north polar ice. The craft is scheduled to leave the Camden yard on Monday for New York, where it will be equipped with a "feeler" that will be attached to its nose for use in detecting the presence of ice. After the Nautilus has been commissioned, it will undergo diving tests at Provincetown.



'I'll Sue You for Desertion!'

Resigned to the Worst?

By William Pfaff

COUNCIL BLUFFS, Iowa — A radio preacher whose broadcasts are heard in this Missouri river town declares that Spain's King Juan Carlos is probably the Antichrist. Juan Carlos qualifies for this identification because he is responsible for defeating the recent attempt at a military coup d'etat in Spain, and the makers of that coup meant to save Spain from bolshevism and anarchy — which means they were on God's side as well as America's. The Antichrist is due, according to this preacher, because the Apocalypse will come in 1982.

The United States is the land of free speech and unfettered religious views, and this kind of jumbled prophecy, political prejudice and ignorance freely circulates, hardly noticed in the general uproar of radio and television.

There are a hundred others like this one. The rich and sinister U.S. gallery of cranks and screwballs, spellbinders, con-men and crooks, have more than their share of broadcast time. Paranoia can be profitable, and people are insecure.

Out in the Open

In the United States, it's all out in the open. In most other countries there are social, if not legal, mechanisms that censor what can be said in broadcasts. This tends to elevate the level of public discourse to an at least approximate rationality — at a certain cost.

Much also depends upon what the public expects. In France, a powerful tradition, cultivated in the nationalized school system, demands educated speech, "culture," in public life. This makes it necessary for public officials to present themselves as educated and intelligent even when they are not. If they do not speak in the manner of an educated person they cannot expect to be taken seriously. They also cannot talk down; the convention must be maintained that everyone is cultivated.

Only in France would it be a significant gesture of social as well as political protest for a comedian, "Coluche," whose speciality is common and even obscene language, to run for the presidency. He has outraged the social order itself — and this is felt on the left as much as on the right.

A Second Road

But the United States originally had the same outlook, which in both countries derived from the 18th century Enlightenment, with its commitment to human progress and rationality. The Jeffersonian republic was supposed to be conducted by elevated debate among a classically yeoman citizenry. The political pamphlets, speeches, and constitutional debates of the federal period are of permanent value.

With Andrew Jackson's populist revolution, a second road to power was opened up, that of the politi-

cian as common man, unlettered and unsophisticated frontiersman, whose common sense could confound urban or foreign sophistication.

The same emphasis on the common man existed in the evangelical Protestantism of the early United States, which so marked the society. Methodism and Baptists held that every man must read the bible for himself, and that God renounced priests and inspired simple people to interpret his word.

Thus a source of the popular preaching which today puts to rest liberal biblical interpretations with modern political fears: The apocalypse expected through nuclear war, Israel seen as fulfilling the Jews' predicted return to Jerusalem, time drawing near to its end — and the United States and the Soviet Union confronting one another as figures of eternal good and evil.

But the patrician tradition has survived in the United States, as well as the populist. The Adams and Roosevelts belonged to it. One can succeed as a politician by presenting one's self as sophisticated and even intellectual. John Kennedy presented himself as an uncommon man, an educated man. But Adlai Stevenson suffered from the same identification. And more often than not, political speeches in the United States assume the worst of their listeners.

More Rant

It even seems that underestimation of the national intelligence is more pronounced today than it was as short a time ago as 10 or 20 years. There is more rant and mendacity. There is more, at least, on television, which has become the national forum of the United States.

Television has debased the popular culture — debased it even against the standards of its own past. The U.S. broadcasting companies once felt obliged to carry serious discussion, drama, and music, even when there were no sponsors. That now is left to the government-subsidized Public Television.

Once, the National Broadcasting Co. willingly created a great symphony orchestra for Arturo Toscanini. They maintained that orchestra from 1937 to 1954, to broadcast a single concert each week. That is unimaginable today, even though the networks are a thousand times richer. As William Paley of CBS said in 1976, rejecting the idea of a prime-time public-affairs series for Bill Moyers, "the minute is worth too much now."

But the country no longer seems to expect much, and a key factor in this is that neither the corporations nor, often, the individuals who possess wealth and privilege, any longer acknowledge that these imply public obligations. No one expects anything other than immunity and greed from the broadcast media. No one is surprised when industrialists sacrifice long-term invest-

ment and research to short-term stock-market results.

No one expects much of politicians. There is a ritual grant of trust to each new president, but this no longer is done with much confidence. President Reagan is very well liked, but only a few, even in this conservative Middle West from which he comes, seem really to believe that he is going to right the U.S. economy or restore the U.S. world position.

The country seems resigned to the worst, and thus, perhaps, the reason for its current taste for apocalyptic preachings, however idiotic. It can be comforting to think when times are bad that events are out of human hands. If we blame it on God, we are freed of responsibility.

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Arming the Arabs: Misguided Decision

By William Safire

WASHINGTON — In its most misguided decision to date, the Reagan administration has announced it intends to sell equipment to Saudi Arabia that will enable its U.S.-built F-15 air superiority fighters to reach Tel Aviv.

"We oppose the sale of sophisticated weaponry to 'this category,' says Israel's foreign minister, but this verbal opposition is meaningless because the Reagan government decided not to engage in a fight in the Congress.

Agonized Israeli diplomats explain this uncharacteristic meekness in this way: (a) Israel needs to demonstrate its trust in the new U.S. president; (b) a battle within the U.S. Congress might poison the good atmosphere that now exists between the hawkish Reagan men and the hawkish Israelis; (c) "We could lose," and thereby demonstrate the Israeli lobby's political impotence in the United States. All practical reasons.

As a result, Israel's spokesmen were reduced to bargaining for counterbalancing arms and trade concessions. They placed a price on conceding to Saudi demands for planes capable of bombing Israel, and for air-to-air missiles that give one poorly trained Saudi pilot the ability to wipe an Israeli squadron out of the sky.

That decision to be practical — almost hyperpractical — was profoundly mistaken.

If a proposed U.S. action endangers the security of Israel, the duty of Israel is to go all-out to persuade Americans not to take that action. If it loses, it loses, but it should not take chances with its people's lives just to gain a reputation for not being uppity.

If arming the Arabs isn't such a big deal — worthy only of vocal denunciation but not a real fight — then what was all the anguish about when the F-15s were first sold to the Saudis by the Carter administration?

If acquiescence can be so easily purchased (with loans to buy more F-15s for Israel, and approvals of sales of Israeli jets containing U.S. engines), then all those Americans who felt that a principle was at stake will not feel compromised. Security should not be for sale; a nation that lets itself get pushed around gets pushed around.

Moreover, the practicality of the Israelis' meekness is arguable; they may have overestimated themselves.

Sen. Edward Kennedy, D-Mass., in a skillful replay of his brothers' "Trollope ploy" during the Cuban missile crisis, has chosen to listen to the first message from Israel — to oppose extending the range of the Arab planes — and to ignore the second message, by which it caved in graciously. Accompanied by dovish California Sen. Alan Cranston, D-Calif.; Sen. Kennedy is lumping his anti-Arab stand with his stand against aid to El Salvador, to the acute embarrassment of the Israelis.

The Liberal Task

By Anthony Lewis

BOSTON — In the tough economic philosophy of the Reagan administration, the watchwords are efficiency and self-reliance. There is no room for government handouts to enterprises that cannot compete. Everyone is subject to the discipline of the market. Unless, that is, you are an automobile company that cannot compete with efficient, well-designed imports. Then the Reagan administration, following its predecessors' lead, is bailing you out by loan guarantees. And the secretaries of commerce and transportation want to insulate you from the competition — at immense cost to the public — by restricting Japanese car imports.

Unless you are in the nuclear power business. Then the Reagan administration wants to save you from the rigors of the market for power stations. It wants in particular to spend millions subsidizing an utterly uneconomic breeder reactor on the Clinch River in Tennessee.

Only Talk

The hard-boiled talk of Reagan, Stockman & Co. is in many cases just that: talk. Their admiration for the rigors of the free market is highly selective.

There is an important opportunity for liberals who are looking for a role in the post-New Deal world. It is to take the idea of competition seriously, in terms not only of business subsidies, but also of regulation and labor union power.

That is one piece of advice in a remarkable restatement of liberal purpose. It is by Alfred Kahn, who was President Carter's inflation fighter and is now back at Cornell as a professor of economics. His piece appears in *The Economist* of London, and I think it is the most convincing attempt yet to chart a course for liberals in an inflationary age.

Mr. Kahn begins by recording the end of a guiding premise of the last 50 years: that steady economic expansion would give the government more resources to serve good causes. The pie is not growing. Productivity is not advancing. Demands of government and private individuals, pressing on static supplies, are fueling inflation. We are into the economics of scarcity.

A Denial

Too many liberals, Mr. Kahn says, react to this reality in "romantic" ways — by trying to hold the price of oil below world levels by urging more government programs. In effect they "deny the existence of a scarcity problem, seek merely to suppress its unpleasant symptoms, and by doing so would actually aggravate the disease."

Humane liberal ideas are as necessary as ever, Mr. Kahn says, but a lot of the old remedies have to be discarded. He urges liberals to change attitudes in three fundamental respects.

First, liberals must recognize that "America's means are limited, and that it cannot have everything it wants." We should be concerned about the impact of higher oil prices on the poor. But the way to deal with that is not to keep prices artificially low for all: "A society that attempts to protect every individual from paying economic costs ends up protecting nobody and burdening everybody — with inflation."

Second, as a consequence, liberals must be "much more discriminating" in shaping particular policies to protect the weak and the poor in a time of economic scarcity. "This is going to take something better than fuzzy sloganeering," he says. "It means we must give up our abhorrence of means tests. We have to identify the people we want to help, in the least demeaning way possible, and then help only them."

Sen. Kennedy's charge into Iraq makes a fight of the option to extending the range of F-15 jets; however, since Israel not marshal its forces for a fight, it makes the fight lose. If Israel's forces were to be marshaled, it makes the fight lose. If Israel's forces were to be marshaled, it makes the fight lose. If Israel's forces were to be marshaled, it makes the fight lose.

By failing to go all-out to tilt the scale, Israel now has the weight of both worlds: If it complies spontaneously about the Saudi deal, it will see its former ally in the Congress by design; Democratic doves — the mainstay of the ministry — who are certain to lose but who see an opportunity to entice U.S. supporters of Israel away from Democratic hawks a feat Mr. Reagan.

Israel's dormant attitude gains nothing, ironically, its misreading of U.S. politics is matched by Secretary of State Alexander Haig's misreading of Israeli politics. The State Department's Ne East experts, severely confused that Menachem Begin will lose a June 30 election, are persuaded that a Labor government will move flexible on West Bank autonomy and have decided to delay the peace process until then.

But nothing is certain in Israeli politics. Mr. Begin, nearly desperate to be a peacemaker, is at the most flexible right now; if it comes from behind to win, that moment of greatest flexibility will be lost and Mr. Haig will regret his foot-dragging.

Israel has misplaced its trust in Mr. Haig because the secretary of state has misplaced his trust in the Saudis. Three years ago, we were assured by Jimmy Carter that arming the Arabs would induce them to join the Camp David peace process; it did just the opposite.

If one day U.S. planes and U.S. missiles are used to rain destruction on the people of Israel, Americans and surviving Israelis will be asking with great bitterness: Whose cockiness and whose acquiescence made it possible? Who failed to fight it with voice and vote? Whose misplaced trust led to tragedy?

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Letters

Outmoded Theories

William Safire states in his column (HT, Feb. 13), that "the primary cause of the Polish economy's weakness is the outmoded theory strangling it," implying, I presume, Communism. What, may I ask, is the primary cause of Western economic weakness but the outmoded system of competition? Neither the Russians or the Americans offer a viable solution, and their constant competition with

each other merely accelerates planetary disintegration.

As long as people are divided against each other, societies will fail. Who has the level of integrity required to lead people out of petty selfishness, and what nation would follow such a leader? Upon these questions hinge the prospects for any real and lasting freedom on earth.

LAURENCE J. ETHEREDGE, Salzburg.

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حزب العمال

Arming the Mis-guided

Businessmen, Tories Sharply Denounce Austere U.K. Budget

By William Borders

New York Times Service LONDON — The British government's new austerity budget...

Thatcher's Defense Mrs. Thatcher just as vigorously defended the harsh fiscal plan...

as Cairo Flats Fall O — Two adjacent apartment buildings collapsed Wednesday...

BITUARIES unchably denies Smiley was the former head of British intelligence apparatus...

Classical Music id few outside interests, to spend his retirement touring around his Deram and playing classical the organ.

urice studied at Manchester where he won a first in 1937. He earned his scholarship on the role try in Parliament in the 60s.

World War II he served counterintelligence. He 16 in 1947 and operated cover of the Foreign Office...

ary, 1978, he was awarded hood by Queen Elizabeth II for his services to the nation and the national cy, the Press Association...

Lord Barnetson ON (Reuters) — Lord n, 63, chairman and man- ctor of one of Britain's provincial newspaper United Newspapers, died Thursday after an ill-

arnetson was also chair- ers from 1968 to 1979, various times, of the television network, the Commonweal- tion, and the national cy, the Press Associa- an his career as William

Bob Elson CHICAGO (UPI) — Bob Elson, 76, whose 40 years as a baseball broadcaster won him a spot in the Baseball Hall of Fame, died Tuesday...

Alexander Alexandrov MOSCOW (UPI) — Alexander Alexandrov, 78, a hydroelectric expert and former deputy minister of energy and electrification, died Monday, Tass reported.

Chris von Wangenheim NEW YORK (NYT) — Chris von Wangenheim, 39, a fashion photographer whose work has been called daring and inventive, died Monday in an automobile crash on the island of Saint Martin in the Caribbean. He lived in Washington Depot, Conn.

Jesse Carl Corallo Jr. NAPA, Calif. (UPI) — Jesse Carl Corallo Jr., 59, winemaker, former motion picture director and World War II fighter pilot, died Monday in a brush fire accident.

Waverley Root

The Sea Cow and Other 'Monsters' of the Storm

EARLY in February, New York Times writer Harold M. Schmeck, Jr., reported that scientists at the University of Manitoba had rehabilitated the reputation for truthfulness of the Norse seamen who for the better part of seven centuries had been accused of telling tall tales about a monster which rose from the sea to threaten them with stormy weather (IHT, Feb. 11).

The story was recounted, Schmeck informed us, in a 13th-century chronicle called "The King's Mirror."

"The monster is tall and of great size and rises straight out of the water," the chronicle said. "It has shoulders like a man's but no hands. Its body apparently grows narrower from the shoulders down, so that the lower down it has been observed, the more slender it has seemed to be, but no one has ever seen how the lower end is shaped. Whenever a monster has shown itself men have always been sure that a storm would follow."

Professor Waldemar H. Lehn and Imgard Schroeder, Schmeck continued, have suggested that the Norsemen did indeed see a real creature, its image distorted by the atmospheric conditions which precede storms. They suggest the walrus or the killer whale. It occurs to me that there might be another culprit — Steller's sea cow, *Hydrodamalis stelleri*.

The history of this animal in modern times is brief. Steller's sea cow was discovered in Bering Strait in 1741 and was so tasty that by 1768 it was extinct. Russian seal hunters found it an easy prey. It had no means of defense; it was a herbivorous animal with no sharp teeth, its flipper bore no claws, it was sluggish and not even protected by camouflage. Its existence seems to have been assured only because it was too big to be attacked in the waters it inhabited.

Lover of Cold Water What waters did it inhabit in the 13th century? In the 18th it had no home except the Bering Strait; but as it was a lower of cold water, we may well imagine that it could have reached Norse waters. But if so, why did it disappear from them?

Schmeck's report suggests why. He speaks of the monster also as a merman, implying that it should have had a head resembling that of human beings, which is hardly the case for the killer whale. The walrus comes nearer to this model, but the sea cow closer still. "Seen full face," according to one student of the sea cow family, it "is so homely of visage and wears an expression of such

innocence as to be utterly beguiling." The killer whale, however, may well have played a role in this legend, for it is found in the right place, and if the sea cow was too, it may on occasion have been confused with it. The killer whale is a voracious predator quite capable of attacking an animal as big as the sea cow. If in the 13th century both inhabited Norse waters, it is unlikely that the sea cow could have held out for very long.

We do find killer whales where Norse seamen could have seen them. They travel in packs and move erratically from one habitat to another. Elusive in the open seas they prefer to frequent, they usually come to our attention only when thrown up on the shore.

Source of Mermaid Legends?

If the killer whale or the walrus could play the monster for the ancients, it might seem unnecessary to hunt for a hypothetical third monster; but two details in the ancient chronicle struck me as pointing perhaps to the sea cow. One was the reference to its size: the sea cow reached a length of 14 feet. The other was the description of it as rising "straight out of the water." There is no proof that the sea cow did this, but this comportment is characteristic of the Indian Ocean dugong, the sea cow's closest extant relative. The female dugong especially when nursing, rises upright in the water holding its calf in its flippers for all the world like a woman giving the breast; for this reason it is believed that it was the dugong which convinced the ancients of the existence of mermaids.

I was also struck by the explanation which the University of Manitoba scientists gave for the association of the Norse monster with storms — that the atmospheric conditions which precede storms could have created the optical illusion that the killer whale or the walrus was a monster if the viewer was standing about six feet above the surface of the sea in a Norse longship, looking at an object some distance away that a mile. It was almost word for word description I had read almost how the dugong could have been mistaken for a mermaid.

What does not coincide with the sea cow's or dugong's characteristics in the 13th-century chronicle is the detail that it has no hands; shoulders like a man's, yes, but it had conspicuous flippers (so has the walrus) which would have been unlikely to escape notice. As for growing narrower below the shoulders, it does, but not swiftly. But the walrus is not a rapid taperer either, while it seems unlikely that anyone describing the killer

whale would have failed to mention its conspicuous black and white pattern.

The dugong (and the sea cow, if we may assume that its behavior was similar) would not seem to need viewing in bad weather; it would have looked like a mermaid even in clear weather. But there could have been other reasons for associating it with storms. Awareness of an approaching storm may have encouraged the dugong to stage its levitation act, just as it encourages swallows to fly high. Many animals seem to sense natural changes before we do and to manifest that perception by special comportment.

The dugong is in danger of going the way of Steller's sea cow, for the same reason — lassitude. "Flattened with harpoons or taken in nets," wrote S. Dillon Ripley of the Smithsonian Institution, "these inoffensive herbivores furnish to populations meat, leather and especially fat, which is boiled to transform it into oil. A dugong weighing 600 pounds gives 63 liters of oil, which the natives utilize to cure the most diverse afflictions, like dysentery, constipation, headaches and caraches, as well as all the diseases of the skin. Also, dugongs were once taken from the water; to Asia the tears are collected and sold at a high price as love philters."

Third Family Member

Steller's sea cow and the dugong belong to the family Sirenia, whose very name evokes the mermaid legend. The family includes only three genera, of which the other is the American manatee. The manatee has inspired no legends because it does not get out to sea to frighten sailors; it lives in fresh or at most brackish water. (It is on the wrong continent for the story of the Lorelei, a freshwater species of mermaid.)

Like Steller's sea cow and the dugong, the manatee is tasty — like pork only better, they say in the Amazon basin. It is therefore also in danger of extinction. It seems to be holding out best in Florida, though even there its numbers have been reduced to a thousand or so. It is protected from hunters, but nothing can be done about outboard motors, which take a considerable toll of animals which like to swim just below the surface.

Like other aquatic mammals, the Sirenia are descendants of land animals which decided to return to the sea from which, probably, their very distant ancestors emerged. The terrestrial animal which transformed itself into a mermaid was the elephant.

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Films

Shorter 'Heaven's Gate' Will Reopen in April

By Dale Pollock

HOLLYWOOD — "Heaven's Gate," Michael Cimino's troubled \$40 million epic, is getting a new lease on life. United Artists will open a drastically cut version of the film in more than 900 theaters across the United States on April 24. The film concerns land wars between immigrants and ranch owners in late-19th-century Montana. It stars Kris Kristofferson, Christopher Walken, Isabelle Huppert and John Hurt. "Heaven's Gate" will now run for 2 hours and 18 minutes, including beginning and end credits. The film ran 3 hours and 40 minutes when it had its premiere in New York last November. Cimino reportedly labored 12 to 15 hours a day for several months on the re-editing of "Heaven's Gate." The film's initial engagements last fall in New York, Los Angeles and Toronto were abruptly canceled after the publication of savage critical reviews. A planned Feb. 20 release date in 25 key cities also came and went with no "Heaven's Gate."

Since January, UA has conducted six previews of various revised versions of the film. Sources at the studio indicated that there were a significant number of walkouts at the early screenings in Denver, Kansas City and Chicago. One studio executive said he believed that this was in response to Cimino's emphasis on violence, particularly in the film's climactic battle scene. The violence was toned down in later previews in Seattle, Portland, Ore., and Pittsburgh. The original version of "Heaven's Gate" had no public previews prior to its aborted opening.

Opera in Paris

A Glowing Bizet 'Pearl'

By David Stevens

PARIS — Never mind that the scenery comes from Italy or that the tenor and soprano are British, the presentation of Bizet's "Les Pecheurs de Perles" installed through the end of this week at the Theatre Musical de Paris is one of the handsomest, best sung and stylistically surest presentations of a French opera in the French capital in some time. And it is packing the 2,500-seat, renovated Chatelet with enthusiastic spectators. Can this be the opera last seen in Paris in the early 1960s before skimpy and torpid audiences at the Opera Comique?

Well, not quite. Those performances were heralded by the second of two posthumous revivals dating from before the turn of the century. The production at the Chatelet is based on a new edition published five years ago, conforming to Bizet's 1863 manuscript. The difference, it seems, is the restoration of some long-deleted passages by Bizet, the deletion of some long-accepted music by other hands, and the return to the original version of a much overhauled final scene. What remains pretty much the same is the melodic charm, orchestral richness and dramatic genius of the 24-year-old composer, with the definitive proof of "Carmen" still 12 years off. The sensible and sober staging, and the atmospheric sets, costumes and lighting are by Pier Luigi Ezzi, created for the Teatro Comunale in Bologna. He places most of the action on a large curved surface at the front of the stage, backed by two temples of other suggestions of ancient Ceylon in the outdoor scenes, and two black-marble-and-gold temple interiors for the others. These sets also seemed to greatly enhance the stage acoustics, which were much improved over earlier productions in the theater this season. In one of the two casts, John Brecknock brought suave lyricism to the role of Nadir, negotiating "Je crois entendre encore" with an effective use of head voice, admirably complemented by Yvonne Kenny's radiant, sung, dramatically credible Leila. Jean-Philippe Lafont's sonorous, deeply-felt Zurga, torn between friendship and jealousy, completed the principal trio. Jerome Kantanbach conducted with alert vigor, although not always securely seconded by the Colonne Orchestra.

Design

The Man Who Launched 150,000 Dinghies

By Elaine Davenport

LONDON — For thousands of sailors all over the world, a road accident in 1929, which disabled young Jack Holt for two years, was a fortuitous event. With a smashed leg and no job, Holt, who lived close to the Thames in Hammersmith, took an interest in boats, repairing, then building and eventually designing them.

Holt went on to produce 20 small boat designs, introducing more people to sailing than any other boat designer in the world. In 60 countries, more than 150,000 small sailing dinghies have been built to his blueprints. He also has revolutionized the sport of sailing, which 40 years ago was a luxury, by making it relatively cheap to get out on the water.

"Well, it was in that place myself — no money," Holt recalled, "but my brother and I had a thundering good time in an old chinker dinghy we messed away to." He was also affected by a visit to a sailing club upriver from Hammersmith where he was not welcome because he worked with his hands. He has forgiven the slight, but "at the time that hurt and made me cross," said Holt, who has never stopped looking for ways to popularize sailing. The designs he has produced can be made cheaply by any factory which woodworks machinery, and since 1947, from do-it-yourself kits.

Economy and Design. "You have to build it economically, with standard sheets of plywood," says Holt. "That determines the shape and the size of some of the bits. You don't want to throw away and make it expensive, do you?" Another Holt rule is simplicity. "The simpler it is, the better," he said, "whatever it is. Having a simple mind myself, I can't think of complicated things."

Holt has never quite gotten used to the praise heaped on him instead of his boats. He believes that he "just happened to be standing on the right corner at the right time." But he also has an instinctive feeling for wood, wind and water and it is much like his boats — small, practical and unpretentious. Above all, this 5-foot-5 Londoner with wavy gray hair and dazzling eyes likes making ideas work. One of his first serious exercises in that art was in 1946. Holt and five friends at the Ramsgate Sailing Club thought they were getting too old for their 12-foot Nationals.

They visualized a light, 14-foot, reasonably priced dinghy that would be exciting to sail, safer than existing classes and easy to build. Holt incorporated these ideas into a design and the six approached the editor of Yachting World Magazine, Group-Capt. Teddy Haylock. He published it, with modifications, and the first postwar British sailing dinghy class, the Merlin, was born. It was also the first



Designer Jack Holt

Holt-designed boat to be mass built. (Dinghies are 10 to 20 feet long, and are raced in classes with set specifications.)

The link with Yachting World was lasting. A year later, Holt was approached by Haylock with his pet idea — a sailing boat to get kids from different countries sailing together, and one that could be built by anybody, anywhere. Holt came up with the 10-foot-6-inch Cadet, of which 9,000 have been built and which has trained a whole generation to sail, including several Olympic champions. "It can be built by amateurs and out of homegrown material — wood," Holt said. "It requires constant sailing. It's responsive, which requires a reaction, which means the person learns. They may fall in the water, but they'll learn."

The Cadet was the first Holt-designed boat to come, on demand, in kit form. Again, that was not Holt's idea, but he made it work. The story behind the kits demonstrates, Holt said, his "the right corner at the right time" theory. The prototype Cadet had been taken for trials, and on the way back the group stopped for dinner. When they came out they found a young man on his knees examining the boat. The man said he wanted to build boats because he believed many would soon be in demand.

The man built beehives for a living, but a deal was struck, and he is now, according to Holt, manager of "the best kit-making company in Europe — Bell Woodworking." Holt's most successful design, in terms of numbers, is the Mirror, a

chancky, even ugly boat, launched by the Daily Mirror newspaper in 1962. It is "for dayrecreating and fishing from," Holt said. More than 65,000 have been constructed, many by do-it-yourselfers, following instructions with nothing more complicated than a drill and pliers. Holt has also designed the GP (general purpose) 14 (after the CP for the parents'), Hornet, Heron (biggest national class in Australia), Rambler Enterprise (done for sailing on tiny pieces of water but now, with more than 20,000 built, accepted as a boat for anywhere), Solo, Jack Sprat, Vagabond, Lazy E, Cavalier ("the prettiest boat I've ever done"), Mirror 16, Pacer, Miracle, Sreaker and Ideal.

He himself sails a Solo named Fairytails from the Chichester Yacht Club in southern England. Today, at 68, he is "getting older and lazier," taking four-day weekends more often than not. He is frequently invited to preside over dinghy events. One, which "made my year," was in 1973 when a club in Sydney invited him to regatta for his boats only, and not to be outdone, a club in Melbourne invited him to a "better regatta," also featuring just his boats, the next weekend. He went, of course, but somehow — Holt's stories seem always to involve a twist — his ticket never got paid for because the organizer became ill at the last moment.

On the Arts Agenda

LONDON — The Camden Festival, which runs from March 14 to 28, in this London borough ranges this year from jazz to opera, with many events in historic buildings. Opera includes stagings of "Crispian in the Canyon" by the Royal Opera and "The 108th Street" and concert versions of "Sweeney" and "Puccini's 'Mamma Lucia'." A jazz week, March 16-21 includes groups headed by Billy Coltrane, George Adams, Don Pullen, Carl Ruler, Art Hoke and others, and the following week includes music and dance from Bolivia, Brazil, China, India and Iceland. (Contact Box Office, St. Pancras Railway, 100 Euston Road, London NW1, England.)

PARIS — The French premiere of Gyorgy Ligeti's opera "Le Grand Macabre" will be given March 23 by the Paris Opera in a new production staged by Daniel Barenboim and with sets and costumes by Bernard Dreyfus. The work, based on Michel de Ghelderode's "Le Balade de Grand Macabre," was commissioned by the Royal Opera of Stockholm, which gave the world premiere in 1973 under the musical direction of Ugo Werhlin, who also conducted it at the Hamburg State Opera and will be on the program in Paris. The cast includes Boris Martinovic, Danielle Chabroux, Elina Labbe, Renee Angeli, Heiko Triemer, Kevin Smith, Roderic Keating, Peter Gottlieb and Lida Erskov. Other performances are scheduled for March 26, 28, 31, April 2, 4 and 10.

CARAVEL HOTEL ATHENS advertisement including details about rooms, facilities, and contact information.

BEST WINNING CHANCES IN EUROPE! advertisement for the 112th Austrian National Lottery with prize details and ticket information.

GRAND THEATRE DE GENEVE advertisement for ANNA RUSSELL performance, including date, time, and location.

PARIS AMUSEMENTS advertisement for Joe Turner - Los Latinos.

CALAVADOS advertisement for Joe Turner - Los Latinos.

NYSE Nationwide Trading Closing Prices Mar. 12

Tables include the nationwide prices up to the closing on Wall Street.

Table with columns: 12 Month Stock High Low Div. in % Yld. P/E Ratio. Lists various stocks and their prices.

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CONTINENT OF RICH IS REDISCOVERED BY PROFIT SEEKERS

Australian stocks are ready to repeat the boom of a decade ago

A boom year for Australia's stock market... The boom year for Australia's stock market...

CAPITAL GAINS RESEARCH has done an analysis of Australian stocks... CAPITAL GAINS RESEARCH has done an analysis...



NAME ADDRESS PHONE

Flash... Paris Bourse MAR. 12, 1981. Table with columns: COMPANY, INDUS., 1980-81 HIGH-LOW, CLOS. PRICE Mar. 12, HIGH-LOW MAR. 12, P/E, % YIELD, MAR. 12, 1981, SHRS. OUTST. (000), LATEST COMPANY NEWS.

Table with columns: 12 Month Stock High Low Div. in % Yld. P/E Ratio. Lists various stocks and their prices.

The world at your fingertips

Headline text at the bottom right of the page.

Industrial Design: Italian Style

Companies Eye Aesthetic Edge

By Susan Heller Anderson

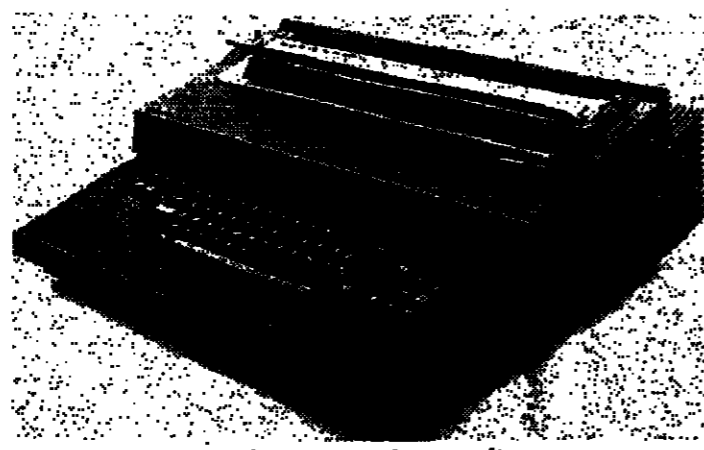
New York Times Service

W — For the first time since the 1950s, International Machines has engaged an outside designer as its chief...

World War II, as European Japanese technology with U.S. expertise, the have moved to the far-

development results from a nation of factors but chiefly war boom in Italy, where considered an added sell-

Italians are more sophisticated form, detail and color," ymond Loewy, who with emporaries founded mod-



An Olivetti electric typewriter.

ern American industrial design 50 years ago. Now semi-retired and living in Monte Carlo, Mr. Loewy compared Italian with West German design, admiring in the products of such companies as Braun, which makes housewares.

"It's very much Teutonic, harsh; it's very analyzed," he said. "Mental design against traditional design. The Italians stop short of dryness and aridity."

Italian designers have always believed that well-designed products outlast others, pointing to the longevity of such milestones as the Olivetti portable Lettera 32 type-

writer, which remained on the market for more than 20 years virtually unchanged.

"When a big bank has to renew its information system it can go anywhere," said Renzo Zorzi, the director of Olivetti's division of industrial design, advertising and cultural relations. "In many cases, being at the same level of price and performance, we were chosen because of design. In the future, it will be the most important element."

Olivetti is Europe's largest office equipment company and is expanding into the information processing industry. It has just announced plans to buy the majority control of Hermes Precisa International, the Swiss maker of typewriters.

BUSINESS NEWS BRIEFS

Hotel Board Rejects Trusthouse Bid

London — Savoy Hotel Ltd.'s board on Thursday rejected a takeover bid from Trusthouse Forte Ltd., calling the offer wholly unacceptable.

Hotel Ltd. owns Claridges, Savoy, Connaught and New Beekes in London and the Hotel Lancaster in Paris. Trusthouse Forte, d's biggest hotel and catering chain, owns 233 hotels including the V and Plaza Athenee hotels in Paris and the Travelodge in the United States, Canada, Mexico and Tahiti.

Essential to Expand Oil, Gas Investments

New York — The Prudential Insurance Company of America, manages close to \$60 billion in investments, the most of any company in the United States, announced plans Wednesday to sharply increase its financing of oil and gas exploration.

1 Beck, the chairman, said Prudential, as a limited partner, provides to established energy companies, would invest up to \$400 million in exploration projects in the United States.

2 Reach Accord on North Sea Drilling

NHAGEN — The Danish Under King Jorgensen Wednesday announced with the Premier Anker Jorgensen on oil-drilling the North Sea, suspending nationalization plans.

3 Group Drop in Income for 1980

ON — Royal Dutch-Shell Thursday blamed the recession and report results in strengthened sterling for a drop in income to £1.3 billion from £1.5 billion in 1979. Sales rose from £28.65 billion in 1979 to £30.1 billion last year, the group said.

4 Talks at Volkswagen Break Off

IGSLUTTER, West Germany — Wage negotiations for Volkswagen workers ended Thursday without a date for new talks, a spokesman for the metalworkers' union said.

5pects 2 New North Sea Fields in '81

ON — British Petroleum said Thursday its North Sea Buchan oilfields are expected to begin production this year. It said that the North Sea Magnus field is also on schedule for production to begin in 1981.

6 Steel's Production Falls by 20%

BURGH — In a year when its earnings turned around, U.S. 1980 steel production fell from 29.7 million to 23.3 million tons, a 27 percent drop, the company said in its annual report Wednesday.

7 Japanese GNP Growth Rate Slows

0 — Japan's gross national product rose 0.5 percent in the December quarter after a 1.2 percent increase in the July-September period, the Economic Agency said Wednesday.

Bundesbank Actions Stemming Outflows

By Donald Nordberg

FRANKFURT — The Bundesbank's recent moves on the Lombard rate have apparently arrested the export of capital from West Germany, but a new, informal curb on lending abroad is still likely, according to West German bankers.

While the semi-official "gentlemen's agreement" to reduce such lending is due to expire at the end of March, they said the recent improvement in capital movements is too tentative for the Bundesbank to allow banks to return to what a banking source called complete freedom in lending.

The sharp rise in money market interest rates caused by the suspension of normal Lombard borrowing and the introduction of the special Lombard facility in mid-February seems to have stimulated substantial new flows of funds into West Germany, the bankers said.

Bundesbank reserves rose 6.9 billion Deutsche marks to 67.9 billion DM in the first week of March, when, the bankers said, rates for overnight funds soared briefly over 25 percent.

Short-Term Flow Seen

The sources said it is likely the bulk of such flows were for short-term deposits, and it is too early to see a definite trend.

The Bundesbank said this week that the "gentlemen's agreement" helped to establish a high level of net capital imports during January, paring the overall balance of payments deficit to 845 million DM, after 3.82 billion DM in December.

Under the agreement, banks were asked not to extend credits to nonresidents from domestic funds.

In addition, a near halt in the issue of new Deutsche mark Eurobonds was agreed to because of the possible consequences if such bonds were placed mainly in West Germany or retained by the banks.

A commercial bank economist, calculating the tentative nature of the half of the 6.3-billion-DM fall in Bundesbank reserves during February may have been capital exports.

These were concentrated in the first three weeks of the month, as the U.S. dollar rose to a peak of more than 2.25 DM, before the Lombard decisions helped pull it back to current levels around 2.11 DM, he added.

Single File Review

The bankers said further restraint may be sought in the issue of Deutsche mark bonds on behalf of foreign borrowers after the agreement expires. An official of a syndication department predicted that each new Deutsche mark Eurobond issue would be reviewed as it goes out.

The bankers said the Bundesbank measures have begun to convince foreign investors that the Deutsche mark will not be allowed to decline in value.

An investment adviser for foreign clients said many smaller Arab institutions are still taking a reserved approach to Deutsche mark securities and deposits.

But he added the larger investors in the Gulf, including the Saudi Arabian Monetary Agency, have resumed investing substantially in Deutsche marks, after talking in relatively little new mark holdings during the last several months.

IBM Denies Deal With Japanese

TOKYO — International Business Machines has denied reports that it is considering buying small computers from a Japanese company, IBM's Japanese unit said Thursday.

Matsumita Electric Industrial Co. said earlier this month in New York that it had been approached by IBM on the possibility of supplying IBM with small computers.

IBM said in a statement that the reports were untrue although it has negotiated with Japanese companies at different times for the development of peripheral devices. IBM added that it has no intention of buying small business computers from Japanese companies, including personal computers.

Published reports speculated that the Matsumita would supply small business computers, currently priced from \$25,000 to \$39,000, and a line of Matsumita computers called "My Brain" priced from \$9,700 to \$14,500.

A source close to both Matsumita and IBM had been quoted as saying the negotiations could take some years to complete.

IBM sells a low-priced computer terminal, which uses a cathode ray tube made by Matsumita as well as parts made by other Japanese companies.

Matsumita markets electronic products under the Panasonic, National, Quasar and Techno labels.

Stock prices of the Matsumita group fell sharply Thursday on the Tokyo Stock Exchange following IBM's statement. Matsumita Communication Industries stock price fell 150 yen to 2,510 yen and that of Matsumita slipped 15 yen to 899.

Poles Short of Cigarettes

WASHINGTON — Smokers in Poland are short of cigarettes, partly because the nation's tobacco industry cannot afford paper to wrap tobacco, the U.S. Agriculture Department said Wednesday.

Output this year is expected to total 87.5 billion cigarettes, compared with an expected demand for 95 billion.

NYSE Prices Surge; Interest Rates Drop

NEW YORK — Falling interest rates and takeover speculation sent prices on the New York Stock Exchange sharply higher Thursday in active trading.

Chemical Bank announced it would cut its prime rate to 17 1/2 percent from 18 percent effective Friday, just two days after the banking industry cut the rate to 18 percent from 18 1/2.

Analysts said prices benefited from a new view of the value of asset-rich companies after takeover bids for two major natural resource companies and rumors of a bid for a third.

The Dow Jones industrial average jumped 22.15 points to 989.82 after losing 8.75 in its previous two sessions. Thursday's was its best gain since April 22, 1980, and advances led declines three to one.

Volume expanded to 54.64 million shares from 47.39 million Wednesday.

Prices were higher in moderate trading of American Stock Exchange issues.

Analysts said investors also were encouraged that federal funds rates banks charge one another for overnight loans dropped to a five-month low early in the day.

Monte Gordon of Dreyfus said investors were "pleasantly surprised" by the speed of the prime rate drop this week. And he said, "The fact the Fed funds rate did get that low means the Fed is not being aggressively tight."

Analysts said takeover bids in recent days for Amex and St. Joe Minerals and speculation of an imminent bid for Kennecott caused a new evaluation of asset-rich companies.

Hildegard Zagorski of Bache Halsey Stuart Shields said, "The lure of the asset companies seems to be the realization that somebody's willing to pay up for these assets."

Spending Increase

In Washington, the Commerce Department said Thursday that U.S. non-farm businesses plan to increase plant and equipment spending, after adjustment for inflation, by 1 percent in 1981.

A department survey taken in January and February found projected 1981 capital spending of \$325.7 billion, down \$400 million from what the businesses said they planned to spend in a survey conducted in November and December, the department said. Both the

surveys assumed inflation would run at 9 percent this year.

Spending in 1980 was \$295.6 billion.

In corporate news, the board of St. Joe Minerals Thursday unanimously rejected the \$45 a share tender offer from J.S. Seagram & Sons.

The board said the offer was "grossly inadequate" and not in the best interest of the company and its shareholders, failing to recognize St. Joe's assets and future earnings potential.

The board authorized management to take any necessary steps to protect the company. It also authorized the company to sue to prevent Seagram from completing its offer.

In Montreal, a Seagram spokesman said the company would have no immediate comment on the rejection.

St. Joe topped the NYSE active list Thursday, gaining 1 1/2 to 47 1/2. Analysts said the rise in St. Joe's price above the bid level suggested traders are expecting a higher bid, either from Seagram or another company.

Newmont Mining, which owns 7.3 percent of St. Joe's stock, was higher also in busy trading.

A federal appeals court Thursday unanimously upheld a lower court's dismissal of a \$100.3 million jury award to SCM in an anti-trust suit filed against Xerox. The appeals court said the trial judge had ruled properly that there was no legal basis for any monetary damages.

SCM had alleged that it was barred from effectively competing in the office copying machine business because Xerox stifled competition.

Dart and Kraft said Thursday it had purchased 5,528,701 shares, about 48 percent of Habor stock at its tender offer of \$40 a share.

The dollar showed little change Thursday in quiet trading, dealers said.

The dollar closed Thursday at 2.1120 DM. Sterling edged up to 2.20 from 2.2180 Wednesday.

Gold was up to \$478 an ounce in London after a morning fix of \$477.50. Trading was slow, dealers said.

On the NYSE floor, Amex, which last week rejected a bid from Standard Oil of California, rose one to 57. Social offered \$78.50 a share in cash and securities.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Belgium

Table with 2 columns: Year (1980, 1979) and 2 rows: Revenue, Profits

Britain

Table with 2 columns: Year (1980, 1979) and 2 rows: Revenue, Profits

France

Table with 2 columns: Year (1980, 1979) and 2 rows: Revenue, Profits

United States

Table with 2 columns: Year (1980, 1979) and 2 rows: Revenue, Profits

West Germany

Table with 2 columns: Year (1980, 1979) and 2 rows: Revenue, Profits

Hammer Warns Price Of Oil May Skyrocket

WASHINGTON — The chairman of Occidental Petroleum predicted Wednesday that oil could be selling for \$100 a barrel in three to five years unless the United States develops alternatives to Mideast oil.

Armand Hammer told an energy conference that those alternatives should be increased use of coal, stepped up oil imports from Mexico and commercial production of the vast U.S. oil shale deposits.

He said that could be producing 300 million barrels a day by 1992. He said use of alternatives to Middle East oil would force the Organization of Petroleum Exporting Countries to moderate their price increases.

CURRENCY RATES

Interbank exchange rates for March 12, 1981, excluding bank service charges

Table with columns: City, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$

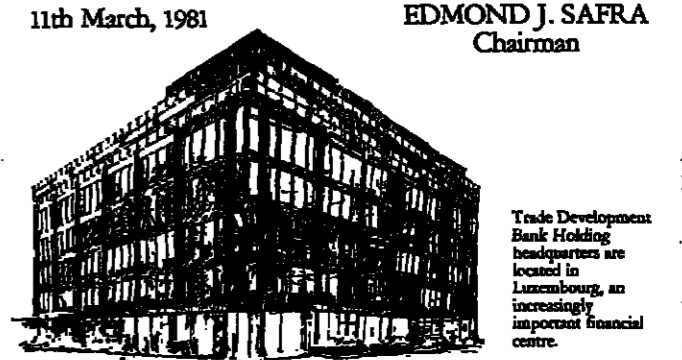
Dollar values

Table with columns: Currency, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$, U.S. \$

Highlights of the year 1980

1980 was a remarkably successful year for the Group. Earnings rose, due to the expansion of our clientele throughout the year and to active bullion trading, especially in the first half. In the light of international instabilities, we increased liquidity and carefully monitored credit risk and interest rate movements. We also enlarged our capital resources, which at year end stood at over US\$ 800 million.

exceptional item in the financial statements. Since the year end the Group has sold the remainder of this investment, producing a further exceptional profit of US\$ 5 million.



Trade Development Bank Holding S.A. headquarters are located in Luxembourg, an increasingly important financial centre.

Consolidated Balance Sheet as at 31st December, 1980

Table with columns: Assets, Liabilities, 31st December 1980, 31st December 1979

Table with columns: Net earnings after taxes, 1980, 1979

Trade Development Bank Holding S.A.

Principal Subsidiaries: Trade Development Bank, Geneva; Republic National Bank of New York, New York; Other affiliates and offices in: Athens, Beirut, Buenos Aires, Caracas, Chisio, Frankfurt, George Town, Hong Kong, London, Los Angeles, Luxembourg, Mexico City, Miami, Monte-Carlo, Montevideo, Nassau, Panama City, Paris, Punta del Este, Rio de Janeiro, Santiago de Chile, Sao Paulo, Tokyo.

Jet Aviation Private Jet Services advertisement with logo and contact information.

NYSE Nationwide Trading Closing Prices Mar. 12

Tables include the nationwide prices up to the closing on Wall Street.

AMEX Nationwide Trading Closing Prices Mar. 12

Tables include the nationwide prices up to the closing on Wall Street.

(Continued from Page 6)

12 Month Stock	High	Low	Div.	5 Yr. P/E	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
AAON	12 1/4	12 1/4																							
AAOI	22 1/2	22 1/2																							
AAU	3 1/8	3 1/8																							
AAVE	1 3/4	1 3/4																							
AAW	1 1/8	1 1/8																							
AAZ	1 1/4	1 1/4																							
AAE	1 1/4	1 1/4																							
AAH	1 1/4	1 1/4																							
AAI	1 1/4	1 1/4																							
AAJ	1 1/4	1 1/4																							
AAK	1 1/4	1 1/4																							
AAL	1 1/4	1 1/4																							
AAM	1 1/4	1 1/4																							
AAN	1 1/4	1 1/4																							
AAO	1 1/4	1 1/4																							
AAQ	1 1/4	1 1/4																							
AAU	1 1/4	1 1/4																							
AAV	1 1/4	1 1/4																							
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Machine Tool Stocks Defy Reality of Shrinking Business

AP-Dow Jones
YRK — For an industry list of a long decline in machine tool makers leading a charmed life market.

... of machine tool 78 percent last year, has to outperform the market. Through last index of machine tool up about 4 percent ad market average was a 4 percent.

... tool stocks have been the companies' large, most recently, by pes that Congress will depreciation guidelines, companies' customers Y costs of new equip- quickly. In the process, ave showed little con- a 32 percent slump in ast year's second half ecent drop from year- s in January orders.

... degree of concern ex- sible in the machine tool. Price compression in the wake of capaci- within the industry.

... evidence points to ca- nsions in place or un- the major cause of a d price cutting in the metal cutting-transfer ment of the industry."

... Eisenberg, an analyst C. Bernstein, in a re- firm's clients Wednes-

Tool Exports in January

Reuters
 — Japanese machine s fell 43.3 percent in mpared with December, straint by Japanese ex- alates to the members of an Economic Commu- pan Machine Tool Ex- ciation said Thursday.

... rts, however, were up t. Actual sales with a year id. Compared with the ed 46.8 percent in Jan- is was still 51.6 percent year ago.

High	Low	Close	Change
322	32	32	-
319	15	15	-
318	15	15	-
317	15	15	-
316	15	15	-
315	15	15	-
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Real Stocks

March 11, 1981

High	Low	Close	Change
322	32	32	-
319	15	15	-
318	15	15	-
317	15	15	-
316	15	15	-
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279	15	15	-
278	15	15	-
277	15	15	-
276	15	15	-
275	15		

London Metals Market

Table with columns for metal types (Copper, Lead, Zinc, Tin, Nickel, Silver, Gold) and their respective prices in London.

Floating Rate Notes

Closing prices, March 12, 1981

Table of floating rate notes with columns for bank names, coupon rates, and bid/ask prices.

Market Summary

NYSE Most Active

Table listing the most active stocks on the NYSE, including company names and volume.

Dow Jones Averages

Table showing the Dow Jones Industrial Average and other market indices.

Dow Jones Bond Averages

Table showing the Dow Jones Bond Averages.

Standard & Poors

Table showing Standard & Poors indices.

NYSE Index

Table showing the NYSE Index.

Odd-Lot Trading in N.Y.

Table showing odd-lot trading data for various stocks.

American Most Active

Table listing the most active American stocks.

AMEX Index

Table showing the AMEX Index.

Tokyo Exchange

Table showing the Tokyo Exchange rates.

U.S. COMMODITY PRICES

Chicago Futures

Table of Chicago futures prices.

New York Futures

Table of New York futures prices.

Cash Prices

Table of cash commodity prices.

Commodity Index

Table showing the Commodity Index.

Dividends

Table listing dividend payments for various companies.

International Monetary Market

Table of international monetary market data.

London Commodities

Table of London commodity prices.

Japan Commodities

Table of Japan commodity prices.

Swiss Franc

Table showing Swiss Franc exchange rates.

Japanese Yen

Table showing Japanese Yen exchange rates.

DM

Table showing Deutsche Mark exchange rates.

SEK

Table showing Swedish Krona exchange rates.

DKK

Table showing Danish Krone exchange rates.

GBP

Table showing British Pound exchange rates.

FF

Table showing French Franc exchange rates.

ITL

Table showing Italian Lira exchange rates.

Yen

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FF

Table showing French Franc exchange rates.

ITL

Table showing Italian Lira exchange rates.

Yen

Table showing Japanese Yen exchange rates.

FLTURES DOW JONES

Through New York Industrial Index Fund

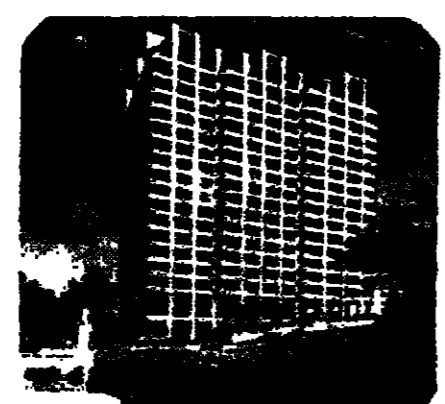
Table showing futures data for Dow Jones.

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Advertisement for 'FRENCH RIVIERA CAP BENAT' property, highlighting its location and features.

Advertisement for 'Champs-Elysees' property, offering prestigious rentals in Paris.

Advertisement for 'PRINCIPALITY OF MONACO' real estate services, including buying, selling, and managing property.

Advertisement for real estate services in Texas, mentioning Henry S. Miller Co.

Advertisement for 'Houston's Premier Mid-Rise Residence THE MEMORIAL', featuring a modern living space.

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Advertisement for 'THE DIRECTORY OF REALTORS AND DEVELOPERS', listing real estate professionals.

Advertisement for 'SWITZERLAND VALAIS' real estate, offering chalets and flats.

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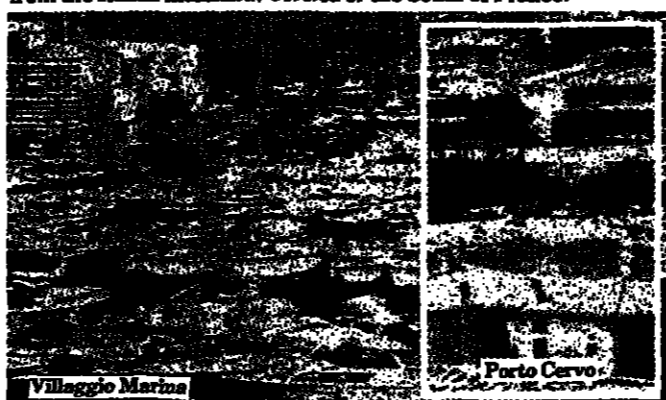
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- PARIS - Bureau d'Information de la Costa Smeralda, 9, Boulevard de la Madeleine 75001, PARIS. Tel (01) 2-261 61 50 Telex 212515 ALISARD F
- FRANKFURT - Costa Smeralda Informationsbüro, Kaiserstrasse 47, 6000 Frankfurt - M 1. Tel 0611-231 206 Telex ASARD 413184
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NCAA Tournament Shakes the Money Tree

don S. White Jr. round loser next year because of the \$16-million TV contract between the NCAA and CBS Sports...

As a result of the automatic qualifying system, such teams as Mercer (17-11) of the Trans America Athletic Conference...

etiate a method for determining which of the eligible conferences will receive the automatic berth. Using a computer, the basketball committee will base selection on the strength of performances...

Walton Calls It Quits; Lloyd's Accepts Claim

LOS ANGELES — Bill Walton, who blazed out of UCLA into what could have been a brilliant National Basketball League career, says his playing days are over...

Lake Placid a Year Later: Renewed Business as Usual

As a result of the automatic qualifying system, such teams as Mercer (17-11) of the Trans America Athletic Conference...

Some residents fear that unless the federal or state government appropriate additional funds to help the organizing committee pay its debts, they may have to make up its \$8.5-million deficit in increased property or sales taxes...

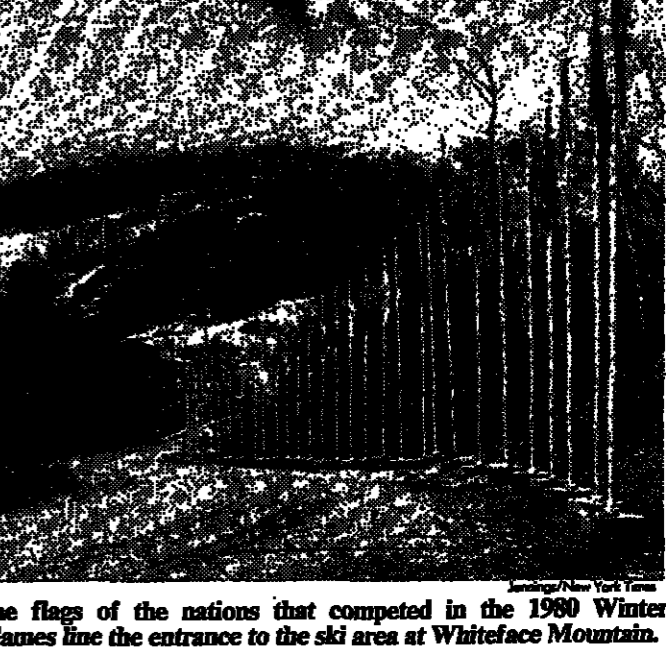
On Main Street recently, a group of 10 window-shoppers stood silently in the rain, their eyes glancing over an array of Olympic-inspired souvenirs...



plum: Celtics' Cedric Maxwell denies Milwaukee's claim on a rebound Wednesday in Boston. The Celtics' triumph was their 27th consecutive home-court victory.

NBA Standings table with columns for Eastern Conference, Central Division, Western Conference, Midwest Division, and Pacific Division.

NHL Standings table with columns for Campbell Conference (Patrick Division and Smythe Division) and Wales Conference (Norris Division).



The flags of the nations that competed in the 1980 Winter Games line the entrance to the ski area at Whiteface Mountain.

CLASSIFIED ADVERTISEMENTS

(Continued from Back Page)

Real estate listings including 'REAL ESTATE TO RENT/SHARE', 'REAL ESTATE TO RENT/SHARE', and 'REAL ESTATE TO RENT/SHARE' with various property details.

Employment and recruitment listings including 'EMPLOYMENT', 'EMPLOYMENT', and 'EMPLOYMENT' with job descriptions and contact information.

Automobiles and car listings including 'BMW HORIZON', 'BMW ALL MODELS AVAILABLE', and 'BMW ALL MODELS AVAILABLE' with specifications and prices.

Travel, tourism, and services listings including 'HOLIDAYS & TRAVEL', 'HOTELS RESTAURANTS NIGHT CLUBS', and 'SERVICES' with various offerings.

PEOPLE: Anderson, Ida May

Americans made Anderson and Don Ida will continue their round-the-world balloon trip in December, according to Vishva Gupta, president of the Ballooning Club of India.

New details of the sale of Star de Peace, the world's finest, golden balloon, have emerged.

Jehan Sadat, wife of Egyptian President Anwar Sadat, will receive an honorary degree of humane letters from DePaul University in Chicago March 23.

Princess Anne, 30-year-old daughter of Queen Elizabeth II, formally assumed her role as chancellor of London University, a largely ceremonial post she won in a controversial election last month.

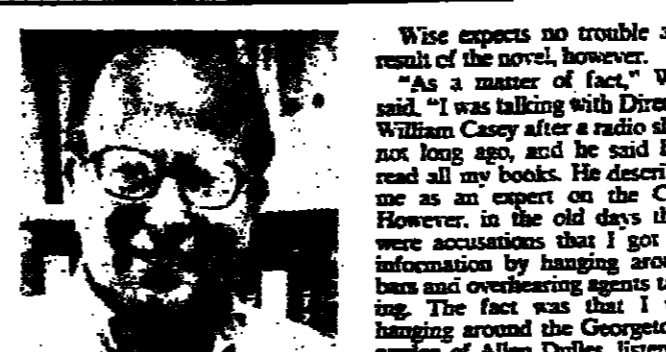
Metropolitan Opera star Leo Feenstra, who has sung at the Metropolitan Opera, has been named as the first American to be elected as the U.S. National Observer for the United Nations World Day.

Pope John Paul II is considered the most powerful man in Italy, according to a survey taken by the weekly business magazine L'Espresso.

REAL ESTATE FOR SALE

Real estate listings including sections for USA, GREAT BRITAIN, SOUTH AFRICA, and SPAIN, detailing various properties for sale.

The CIA After Five Nonfiction Books on the Intelligence Wars, David Wise Peers at the Agency Through Lens of Fiction



David Wise, missing an arm, is the author of the book 'The CIA: A History of the American Secret Service'.

Wise expects no trouble as a result of the novel, however. "As a matter of fact," Wise said, "I was talking with Director William Casey after a radio show not long ago, and he said he'd read all my books. He described me as an expert on the CIA."

The CIA By Christian Williams

WASHINGTON — David Wise blew up the Chesapeake Bay Bridge as a favor to his wife, but it was his own idea to make the director of the CIA as nutty as a fruitcake.

The Nuclear Chair? By Russell Baker

NEW YORK — One of the papers ran a picture of Indiana's electric chair the other day to illustrate a story about an execution. The curious thing was that it looked exactly like the first electric chair I ever saw.



Russell Baker

CLASSIFIED ADVERTISEMENTS

International Business Message Center classified advertisements including real estate listings, business opportunities, and personal services.